

110TH CONGRESS  
1ST SESSION

# H. R. 1400

To enhance United States diplomatic efforts with respect to Iran by imposing additional economic sanctions against Iran, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 8, 2007

Mr. LANTOS (for himself, Ms. ROS-LEHTINEN, Mr. ACKERMAN, Mr. PENCE, Mr. SHERMAN, Mr. ROYCE, Mr. BERMAN, and Mr. SMITH of New Jersey) introduced the following bill; which was referred to the Committee on Foreign Affairs, and in addition to the Committees on Ways and Means, Financial Services, Oversight and Government Reform, and the Judiciary, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To enhance United States diplomatic efforts with respect to Iran by imposing additional economic sanctions against Iran, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Iran Counter-Proliferation Act of 2007”.

6 (b) TABLE OF CONTENTS.—The table of contents for  
7 this Act is as follows:

- Sec. 1. Short title and table of contents.  
 Sec. 2. United States policy toward Iran.

TITLE I—SUPPORT FOR DIPLOMATIC EFFORTS RELATING TO  
 PREVENTING IRAN FROM ACQUIRING NUCLEAR WEAPONS

- Sec. 101. Support for international diplomatic efforts.  
 Sec. 102. Peaceful efforts by the United States.

TITLE II—ADDITIONAL BILATERAL SANCTIONS AGAINST IRAN

- Sec. 201. Application to subsidiaries.  
 Sec. 202. Additional import sanctions against Iran.  
 Sec. 203. Additional export sanctions against Iran.

TITLE III—AMENDMENTS TO THE IRAN SANCTIONS ACT OF 1996

- Sec. 301. Multilateral regime.  
 Sec. 302. Mandatory sanctions.  
 Sec. 303. United States efforts to prevent investment.  
 Sec. 304. Clarification and expansion of definitions.  
 Sec. 305. Removal of waiver authority.

TITLE IV—ADDITIONAL MEASURES

- Sec. 401. Additions to terrorism and other lists.  
 Sec. 402. Increased capacity for efforts to combat unlawful or terrorist financing.  
 Sec. 403. Exchange programs with the people of Iran.  
 Sec. 404. Reducing contributions to the World Bank.  
 Sec. 405. Restrictions on nuclear cooperation with countries assisting the nuclear program of Iran.  
 Sec. 406. Elimination of certain tax incentives for oil companies investing in Iran.

TITLE V—MISCELLANEOUS PROVISIONS

- Sec. 501. Termination.

**1 SEC. 2. UNITED STATES POLICY TOWARD IRAN.**

2 (a) FINDINGS.—Congress finds the following:

3 (1) The prospect of the Islamic Republic of  
 4 Iran achieving nuclear arms represents a grave  
 5 threat to the United States and its allies in the Mid-  
 6 dle East, Europe, and globally.

7 (2) The nature of this threat is manifold, rang-  
 8 ing from the vastly enhanced political influence ex-  
 9 tremist Iran would wield in its region, including the

1 ability to intimidate its neighbors, to, at its most  
2 nightmarish, the prospect that Iran would attack its  
3 neighbors and others with nuclear arms. This con-  
4 cern is illustrated by the statement of Hashemi  
5 Rafsanjani, former president of Iran and currently a  
6 prominent member of two of Iran’s most important  
7 decision-making bodies, of December 14, 2001, when  
8 he said that it “is not irrational to contemplate” the  
9 use of nuclear weapons.

10 (3) The theological nature of the Iranian re-  
11 gime creates a special urgency in addressing Iran’s  
12 efforts to acquire nuclear weapons.

13 (4) Iranian regime leaders have persistently de-  
14 nied Israel’s right to exist. Current President  
15 Mahmoud Ahmadinejad has called for Israel to be  
16 “wiped off the map”.

17 (5) The nature of the Iranian threat makes it  
18 critical that the United States and its allies do ev-  
19 erything possible—diplomatically, politically, and  
20 economically—to prevent Iran from acquiring nu-  
21 clear-arms capability and persuade the Iranian re-  
22 gime to halt its quest for nuclear arms.

23 (b) SENSE OF CONGRESS.—It is the sense of Con-  
24 gress that—

1           (1) Iranian President Ahmadinejad’s persistent  
2           denials of the Holocaust and his repeated assertions  
3           that Israel should be “wiped off the map” may con-  
4           stitute a violation of the Convention on the Preven-  
5           tion and Punishment of the Crime of Genocide and  
6           should be brought before an appropriate inter-  
7           national tribunal for the purpose of declaring Iran  
8           in breach of the Genocide Convention;

9           (2) the United States should increase use of its  
10          important role in the international financial sector to  
11          isolate Iran;

12          (3) Iran should be barred from entering the  
13          World Trade Organization (WTO) until all issues re-  
14          lated to its nuclear program are resolved;

15          (4) all future free trade agreements involving  
16          Iran should be conditioned on the requirement that  
17          the parties to such agreements pledge not to invest  
18          and not to allow companies based on its territory or  
19          controlled by its citizens to invest in Iran’s energy  
20          sector or otherwise to make significant investment in  
21          Iran;

22          (5) United Nations Security Council Resolution  
23          1737 (December 23, 2006), which was passed unani-  
24          mously and mandates an immediate and uncondi-  
25          tional suspension of Iran’s nuclear enrichment pro-

1        gram, represents a critical gain in the world-wide  
2        campaign to prevent Iran's acquisition of nuclear  
3        arms and should be fully respected by all nations;

4            (6) the United Nations Security Council should  
5        take further measures beyond Resolution 1737 to  
6        tighten sanctions on Iran, including preventing new  
7        investment in Iran's energy sector, as long as Iran  
8        fails to comply with the international community's  
9        demand to halt its nuclear enrichment campaign;

10           (7) the United States should encourage foreign  
11        governments to direct state owned entities to cease  
12        all investment in Iran's energy sector and all exports  
13        of refined petroleum products to Iran and to per-  
14        suade, and, where possible, require private entities  
15        based in their territories to cease all investment in  
16        Iran's energy sector and all exports of refined petro-  
17        leum products to Iran;

18           (8) moderate Arab states have a vital and per-  
19        haps existential interest in preventing Iran from ac-  
20        quiring nuclear arms, and therefore such states, par-  
21        ticularly those with large oil deposits, should use  
22        their economic leverage to dissuade other nations,  
23        including the Russian Federation and the People's  
24        Republic of China, from assisting Iran's nuclear pro-  
25        gram directly or indirectly and to persuade other na-

1 tions, including Russia and China, to be more forth-  
2 coming in supporting United Nations Security Coun-  
3 cil efforts to halt Iran's nuclear program;

4 (9) the United States should take all possible  
5 measures to discourage and, if possible, prevent for-  
6 eign banks from providing export credits to foreign  
7 entities seeking to invest in the Iranian energy sec-  
8 tor;

9 (10) the United States should oppose any fur-  
10 ther activity by the International Bank for Recon-  
11 struction and Development with respect to Iran, or  
12 the adoption of a new Country Assistance Strategy  
13 for Iran, including by seeking the cooperation of  
14 other countries;

15 (11) the United States should extend its pro-  
16 gram of discouraging foreign banks from accepting  
17 Iranian state banks as clients;

18 (12) the United States should prohibit all Ira-  
19 nian state banks from using the United States bank-  
20 ing system;

21 (13) United States federal pension plans should  
22 divest themselves of all non-United States companies  
23 investing more than \$20 million in Iran's energy  
24 sector;

1           (14) State and local government pension plans  
2           should divest themselves of all non-United States  
3           companies investing more than \$20 million in Iran’s  
4           energy sector;

5           (15) the United States should designate the Is-  
6           lamic Revolutionary Guards Corps, which purveys  
7           terrorism throughout the Middle East and plays an  
8           important role in the Iranian economy, as a foreign  
9           terrorist organization under section 219 of the Im-  
10          migration and Nationality Act, place the Islamic  
11          Revolutionary Guards Corps on the list of specially  
12          designated global terrorists, and place the Islamic  
13          Revolutionary Guards Corps on the list of weapons  
14          of mass destruction proliferators and their sup-  
15          porters; and

16          (16) United States concerns regarding Iran are  
17          strictly the result of actions of the Government of  
18          Iran; and

19          (17) the American people have feelings of  
20          friendship for the Iranian people, regret that devel-  
21          opments of recent decades have created impediments  
22          to that friendship, and hold the Iranian people, their  
23          culture, and their ancient and rich history in the  
24          highest esteem.

1 **TITLE I—SUPPORT FOR DIPLO-**  
2 **MATIC EFFORTS RELATING**  
3 **TO PREVENTING IRAN FROM**  
4 **ACQUIRING NUCLEAR WEAP-**  
5 **ONS**

6 **SEC. 101. SUPPORT FOR INTERNATIONAL DIPLOMATIC EF-**  
7 **FORTS.**

8 It is the sense of Congress that—

9 (1) the United States should use diplomatic and  
10 economic means to resolve the Iranian nuclear prob-  
11 lem;

12 (2) the United States should continue to sup-  
13 port efforts in the International Atomic Energy  
14 Agency and the United Nations Security Council to  
15 bring about an end to Iran’s uranium enrichment  
16 program and its nuclear weapons program; and

17 (3)(A) United Nations Security Council Resolu-  
18 tion 1737 was a useful first step toward pressing  
19 Iran to end its nuclear weapons program; and

20 (B) in light of Iran’s continued defiance of the  
21 international community, the United Nations Secu-  
22 rity Council should adopt additional measures  
23 against Iran, including measures to prohibit invest-  
24 ments in Iran’s energy sector.



1 **SEC. 102. PEACEFUL EFFORTS BY THE UNITED STATES.**

2 Nothing in this Act shall be construed as authorizing  
3 the use of force or the use of the United States Armed  
4 Forces against Iran.

5 **TITLE II—ADDITIONAL BILAT-**  
6 **ERAL SANCTIONS AGAINST**  
7 **IRAN**

8 **SEC. 201. APPLICATION TO SUBSIDIARIES.**

9 (a) IN GENERAL.—In any case in which an entity en-  
10 gages in an act outside the United States which, if com-  
11 mitted in the United States or by a United States person,  
12 would violate Executive Order No. 12959 of May 6, 1995,  
13 Executive Order No. 13059 of August 19, 1997, or any  
14 other prohibition on transactions with respect to Iran that  
15 is imposed under the International Emergency Economic  
16 Powers Act (50 U.S.C. 1701 et seq.) and if that entity  
17 was created or availed of for the purpose of engaging in  
18 such an act, the parent company of that entity shall be  
19 subject to the penalties for such violation to the same ex-  
20 tent as if the parent company had engaged in that act.

21 (b) DEFINITIONS.—In this section—

22 (1) an entity is a “parent company” of another  
23 entity if it owns, directly or indirectly, more than 50  
24 percent of the equity interest in that other entity  
25 and is a United States person; and

1           (2) the term “entity” means a partnership, as-  
2           sociation, trust, joint venture, corporation, or other  
3           organization.

4 **SEC. 202. ADDITIONAL IMPORT SANCTIONS AGAINST IRAN.**

5           Effective 120 days after the date of the enactment  
6 of this Act—

7           (1) goods of Iranian origin that are otherwise  
8           authorized to be imported under section 560.534 of  
9           title 31, Code of Federal Regulations, as in effect on  
10          March 5, 2007, may not be imported into the United  
11          States; and

12          (2) activities otherwise authorized by section  
13          560.535 of title 31, Code of Federal Regulations, as  
14          in effect on March 5, 2007, are no longer author-  
15          ized.

16 **SEC. 203. ADDITIONAL EXPORT SANCTIONS AGAINST IRAN.**

17          Effective on the date of the enactment of this Act—

18          (1) Licenses to export or reexport goods, serv-  
19          ices, or technology relating to civil aviation that are  
20          otherwise authorized by section 560.528 of title 31,  
21          Code of Federal Regulations, as in effect on March  
22          5, 2007, may not be issued, and any such license  
23          issued before such date of enactment is no longer  
24          valid; and

1           (2) goods, services, or technology described in  
2           paragraph (1) may not be exported or reexported.

3   **TITLE     III—AMENDMENTS     TO**  
4   **THE IRAN SANCTIONS ACT OF**  
5   **1996**

6   **SEC. 301. MULTILATERAL REGIME.**

7           Section 4(b) of the Iran Sanctions Act of 1996 (50  
8   U.S.C. 1701 note) is amended to read as follows:

9           “(b) REPORTS TO CONGRESS.—Not later than 6  
10   months after the date of the enactment of the Iran  
11   Counter-Proliferation Act of 2007 and every six months  
12   thereafter, the President shall submit to the appropriate  
13   congressional committees a report regarding specific diplo-  
14   matic efforts undertaken pursuant to subsection (a), the  
15   results of those efforts, and a description of proposed dip-  
16   lomatic efforts pursuant to such subsection. Each report  
17   shall include—

18           “(1) a list of the countries that have agreed to  
19   undertake measures to further the objectives of sec-  
20   tion 3 with respect to Iran;

21           “(2) a description of those measures, includ-  
22   ing—

23           “(A) government actions with respect to  
24   public or private entities (or their subsidiaries)

1 located in their territories, that are engaged in  
2 Iran;

3 “(B) any decisions by the governments of  
4 these countries to rescind or continue the provi-  
5 sion of credits, guarantees, or other govern-  
6 mental assistance to these entities; and

7 “(C) actions taken in international fora to  
8 further the objectives of section 3;

9 “(3) a list of the countries that have not agreed  
10 to undertake measures to further the objectives of  
11 section 3 with respect to Iran, and the reasons  
12 therefor; and

13 “(4) a description of any memorandums of un-  
14 derstanding, political understandings, or inter-  
15 national agreements to which the United States has  
16 acceded which affect implementation of this section  
17 or section 5(a).”.

18 **SEC. 302. MANDATORY SANCTIONS.**

19 Section 5(a) of the Iran Sanctions Act of 1996 (50  
20 U.S.C. 1701 note) is amended by striking “2 or more of  
21 the sanctions described in paragraphs (1) through (6) of  
22 section 6” and inserting “the sanction described in para-  
23 graph (5) of section 6 and, in addition, one or more of  
24 the sanctions described in paragraphs (1), (2), (3), (4),  
25 and (6) of such section”.

1 **SEC. 303. UNITED STATES EFFORTS TO PREVENT INVEST-**  
2 **MENT.**

3 Section 5 of the Iran Sanctions Act of 1996 is  
4 amended by adding the following new subsection at the  
5 end:

6 “(g) UNITED STATES EFFORTS TO ADDRESS  
7 PLANNED INVESTMENT.—

8 “(1) REPORTS ON INVESTMENT ACTIVITY.—Not  
9 later than January 30, 2008, and every 6 months  
10 thereafter, the President shall transmit to the Com-  
11 mittee on Foreign Affairs of the House of Rep-  
12 resentatives and the Committee on Foreign Rela-  
13 tions of the Senate a report on investment and pre-  
14 investment activity, by any person or entity, that  
15 could contribute to the enhancement of Iran’s ability  
16 to develop petroleum resources in Iran. For each  
17 such activity, the President shall provide a descrip-  
18 tion of the activity, any information regarding when  
19 actual investment may commence, and what steps  
20 the United States has taken to respond to such ac-  
21 tivity.

22 “(2) DEFINITION.—In this subsection—

23 “(A) the term ‘investment’ includes the ex-  
24 tension by a financial institution of credit or  
25 other financing to a person for that person’s in-  
26 vestment; and

1           “(B) the term ‘pre-investment activity’  
2           means any activity indicating an intent to make  
3           an investment, including a memorandum of un-  
4           derstanding among parties indicating such an  
5           intent.”

6 **SEC. 304. CLARIFICATION AND EXPANSION OF DEFINI-**  
7           **TIONS.**

8           (a) PERSON.—Section 14(13)(B) of the Iran Sanc-  
9           tions Act of 1996 (50 U.S.C. 1701 note) is amended—

10           (1) by inserting after “trust,” the following: “fi-  
11           nancial institution, insurer, underwriter, guarantor,  
12           any other business organization, including any for-  
13           eign subsidiaries of the foregoing;” and

14           (2) by inserting before the semicolon the fol-  
15           lowing: “, such as an export credit agency”.

16           (b) PETROLEUM RESOURCES.—Section 14(14) of the  
17           Iran Sanctions Act of 1996 (50 U.S.C. 1701 note) is  
18           amended by inserting after “petroleum” the second place  
19           it appears, the following: “, petroleum by-products, lique-  
20           fied natural gas, the sale of oil or liquefied natural gas  
21           tankers,”.

22 **SEC. 305. REMOVAL OF WAIVER AUTHORITY.**

23           (a) SIX-MONTH WAIVER AUTHORITY.—Section 4 of  
24           the Iran Sanctions Act of 1996 (50 U.S.C. 1701 note)  
25           is amended—

1           (1) in subsection (d)(1), by striking “except  
2 those with respect to which the President has exer-  
3 cised the waiver authority under subsection (c)”;

4           (2) by striking subsection (c); and

5           (3) by redesignating subsections (d), (e), and  
6 (f) as subsections (c), (d), and (e), respectively.

7           (b) GENERAL WAIVER AUTHORITY.—Section 9 of the  
8 Iran Sanctions Act of 1996 (50 U.S.C. 1701 note) is  
9 amended by striking subsection (c).

10          (c) CONSTRUCTION.—The amendments made by this  
11 section shall not be construed to affect any exercise of the  
12 authority of section 4(c) or section 9(c) of the Iran Sanc-  
13 tions Act of 1996 as in effect on the day before the date  
14 of the enactment of this Act.

## 15                   **TITLE IV—ADDITIONAL** 16                   **MEASURES**

### 17   **SEC. 401. ADDITIONS TO TERRORISM AND OTHER LISTS.**

18          (a) DETERMINATIONS AND REPORT.—Not later than  
19 120 days after the date of the enactment of this Act, the  
20 President shall—

21           (1) determine whether the Islamic Revolu-  
22 tionary Guards Corps should be—

23                   (A) designated as a foreign terrorist orga-  
24 nization under section 219 of the Immigration  
25 and Nationality Act (8 U.S.C. 1189);

1 (B) placed on the list of specially des-  
2 ignated global terrorists; and

3 (C) placed on the list of weapons of mass  
4 destruction proliferators and their supporters;  
5 and

6 (2) report the determinations under paragraph  
7 (1) to the Committee on Foreign Affairs of the  
8 House of Representatives and the Committee on  
9 Foreign Relations of the Senate, including, if the  
10 President determines that such Corps should not be  
11 so designated or placed on either such list, the jus-  
12 tification for the President's determination.

13 (b) DEFINITIONS.—In this section—

14 (1) the term “specially designated global ter-  
15 rorist” means any person included on the Annex to  
16 Executive Order 13224, of September 23, 2001, and  
17 any other person identified under section 1 of that  
18 Executive order whose property and interests in  
19 property are blocked by that section; and

20 (2) the term “weapons of mass destruction  
21 proliferators and their supporters” means any per-  
22 son included on the Annex to Executive Order  
23 13382, of June 28, 2005, and any other person  
24 identified under section 1 of that Executive order



1       whose property and interests in property are blocked  
2       by that section.

3   **SEC. 402. INCREASED CAPACITY FOR EFFORTS TO COMBAT**  
4                           **UNLAWFUL OR TERRORIST FINANCING.**

5       (a) FINDINGS.—The work of the Office of Terrorism  
6 and Financial Intelligence of the Department of Treasury,  
7 which includes the Office of Foreign Assets Control and  
8 the Financial Crimes Enforcement Center, is critical to  
9 ensuring that the international financial system is not  
10 used for purposes of supporting terrorism and developing  
11 weapons of mass destruction.

12       (b) AUTHORIZATION.—There is authorized for the  
13 Secretary of the Treasury \$59,466,000 for fiscal year  
14 2008 and such sums as may be necessary for each of the  
15 fiscal years 2009 and 2010 for the Office of Terrorism  
16 and Financial Intelligence.

17       (c) AUTHORIZATION AMENDMENT.—Section  
18 310(d)(1) of title 31, United States Code, is amended by  
19 striking “such sums as may be necessary for fiscal years  
20 2002, 2003, 2004, and 2005” and inserting “\$85,844,000  
21 for fiscal year 2008 and such sums as may be necessary  
22 for each of the fiscal years 2009 and 2010”.

1 **SEC. 403. EXCHANGE PROGRAMS WITH THE PEOPLE OF**  
2 **IRAN.**

3 (a) SENSE OF CONGRESS.—It is the sense of Con-  
4 gress that the United States should seek to enhance its  
5 friendship with the people of Iran, particularly by identi-  
6 fying young people of Iran to come to the United States  
7 under United States exchange programs.

8 (b) EXCHANGE PROGRAMS AUTHORIZED.—The  
9 President is authorized to carry out exchange programs  
10 with the people of Iran, particularly the young people of  
11 Iran. Such programs shall be carried out to the extent  
12 practicable in a manner consistent with the eligibility for  
13 assistance requirements specified in section 302(b) of the  
14 Iran Freedom Support Act (Public Law 109–293).

15 (c) AUTHORIZATION.—Of the amounts available for  
16 “Educational and Cultural Exchanges”, there is author-  
17 ized to be appropriated to the President to carry out this  
18 section \$10,000,000 for fiscal year 2008.

19 **SEC. 404. REDUCING CONTRIBUTIONS TO THE WORLD**  
20 **BANK.**

21 The President of the United States shall reduce the  
22 total amount otherwise payable on behalf of the United  
23 States to the International Bank for Reconstruction and  
24 Development for each fiscal year by the percentage rep-  
25 resented by—



1 goods, services, or technology that would be subject to  
2 such agreement, until the President determines and re-  
3 ports to the Committee on Foreign Relations of the Senate  
4 and the Committee on International Relations of the  
5 House of Representatives that—

6           (1) Iran has ceased its efforts to design, de-  
7           velop, or acquire a nuclear explosive device or related  
8           materials or technology; or

9           (2) the government of the country that is as-  
10          sisting the nuclear program of Iran or transferring  
11          advanced conventional weapons or missiles to Iran—

12                   (A) has suspended all nuclear assistance to  
13                   Iran and all transfers of advanced conventional  
14                   weapons and missiles to Iran; and

15                   (B) is committed to maintaining that sus-  
16                   pension until Iran has implemented measures  
17                   that would permit the President to make the  
18                   determination described in paragraph (1).

19          (b) CONSTRUCTION.—The restrictions in subsection  
20          (a)—

21                   (1) shall apply in addition to all other applica-  
22                   ble procedures, requirements, and restrictions con-  
23                   tained in the Atomic Energy Act of 1954 and other  
24                   laws; and

1           (2) shall not be construed as affecting the valid-  
2           ity of agreements for cooperation that are in effect  
3           on the date of the enactment of this Act.

4           (c) DEFINITIONS.—In this section:

5           (1) AGREEMENT FOR COOPERATION.—The term  
6           “agreement for cooperation” has the meaning given  
7           that term in section 11 b. of the Atomic Energy Act  
8           of 1954 (42 U.S.C. 2014(b)).

9           (2) ASSISTING THE NUCLEAR PROGRAM OF  
10          IRAN.—The term “assisting the nuclear program of  
11          Iran” means the intentional transfer to Iran by a  
12          government, or by a person subject to the jurisdic-  
13          tion of a government with the knowledge and acqui-  
14          escence of that government, of goods, services, or  
15          technology listed on the Nuclear Suppliers Group  
16          Guidelines for the Export of Nuclear Material,  
17          Equipment and Technology (published by the Inter-  
18          national Atomic Energy Agency as Information Cir-  
19          cular INFCIRC/254/Rev. 3/Part 1, and subsequent  
20          revisions) or Guidelines for Transfers of Nuclear-Re-  
21          lated Dual-Use Equipment, Material, and Related  
22          Technology (published by the International Atomic  
23          Energy Agency as Information Circular INFCIR/  
24          254/Rev. 3/Part 2, and subsequent revisions).

1           (3) COUNTRY THAT IS ASSISTING THE NU-  
2           CLEAR PROGRAM OF IRAN OR TRANSFERRING AD-  
3           VANCED CONVENTIONAL WEAPONS OR MISSILES TO  
4           IRAN.—The term “country that is assisting the nu-  
5           clear program of Iran or transferring advanced con-  
6           ventional weapons or missiles to Iran” means—

7                   (A) Russia; and

8                   (B) any other country determined by the  
9           President to be assisting the nuclear program  
10          of Iran or transferring advanced conventional  
11          weapons or missiles to Iran.

12          (4) TRANSFERRING ADVANCED CONVENTIONAL  
13          WEAPONS OR MISSILES TO IRAN.—The term “trans-  
14          ferring advanced conventional weapons or missiles to  
15          Iran” means the intentional transfer to Iran by a  
16          government, or by a person subject to the jurisdic-  
17          tion of a government with the knowledge and acqui-  
18          escence of that government, of goods, services, or  
19          technology listed on—

20                   (A) the Wassenaar Arrangement list of  
21          Dual Use Goods and Technologies and Muni-  
22          tions list of July 12, 1996, and subsequent revi-  
23          sions; or

1 (B) the Missile Technology Control Regime  
2 Equipment and Technology Annex of June 11,  
3 1996, and subsequent revisions.

4 **SEC. 406. ELIMINATION OF CERTAIN TAX INCENTIVES FOR**  
5 **OIL COMPANIES INVESTING IN IRAN.**

6 (a) IN GENERAL.—Subsection (h) of section 167 of  
7 the Internal Revenue Code of 1986 (relating to amortiza-  
8 tion of geological and geophysical expenditures) is amend-  
9 ed by adding at the end the following new paragraph:

10 “(6) DENIAL WHEN IRAN SANCTIONS IN EF-  
11 FECT.—

12 “(A) IN GENERAL.—If sanctions are im-  
13 posed under section 5(a) of the Iran Sanctions  
14 Act of 1996 (relating to sanctions with respect  
15 to the development of petroleum resources of  
16 Iran) on any member of an expanded affiliated  
17 group the common parent of which is a foreign  
18 corporation, paragraph (1) shall not apply to  
19 any expense paid or incurred by any such mem-  
20 ber in any period during which the sanctions  
21 are in effect.

22 “(B) EXPANDED AFFILIATED GROUP.—  
23 For purposes of subparagraph (A), the term  
24 ‘expanded affiliated group’ means an affiliated

1 group as defined in section 1504(a), deter-  
2 mined—

3 “(i) by substituting ‘more than 50  
4 percent’ for ‘at least 80 percent’ each place  
5 it appears, and

6 “(ii) without regard to paragraphs  
7 (2), (3), and (4) of section 1504(b).”.

8 (b) EFFECTIVE DATE.—The amendment made by  
9 subsection (a) shall apply to expense paid or incurred on  
10 or after January 1, 2007.

## 11 **TITLE V—MISCELLANEOUS** 12 **PROVISIONS**

### 13 **SEC. 501. TERMINATION.**

14 (a) TERMINATION.—The restrictions provided in sec-  
15 tions 203, 404, and 405 shall no longer have force or ef-  
16 fect with respect to Iran if the President determines and  
17 certifies to the appropriate congressional committees that  
18 Iran—

19 (1) has ceased its efforts to design, develop,  
20 manufacture, or acquire—

21 (A) a nuclear explosive device or related  
22 materials and technology;

23 (B) chemical and biological weapons; and

24 (C) ballistic missiles and ballistic missile  
25 launch technology;



1           (2) has been removed from the list of countries  
2           the governments of which have been determined, for  
3           purposes of section 6(j) of the Export Administra-  
4           tion Act of 1979 (50 U.S.C. 2405(j)) to have repeat-  
5           edly provided support for acts of international ter-  
6           rorism; and

7           (3) poses no significant threat to United States  
8           national security, interests, or allies.

9           (b) DEFINITION.—In subsection (a), the term “ap-  
10          propriate congressional committees” means the Com-  
11          mittee on Foreign Affairs of the House of Representatives  
12          and the Committee on Foreign Relations of the Senate.

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